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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

Arizona Corporation Commission  
**DOCKETED**

JUN 20 2008

DOCKETED BY	nr
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In the matter of

PANAMA CAPITAL FUNDING, L.L.C., a  
Colorado limited liability company;

BENJAMIN RAY O'TOOLE, individually  
and doing business as INTERNATIONAL  
FUNDING NETWORK, PANAGREEN  
BIO FUELS, INC., and ALGAECAKE  
TECHNOLOGIES CORPORATION, and  
JANE DOE O'TOOLE, husband and wife;

CHRISTOPHER SHANE STRICKLAND,  
individually and doing business as  
INTERNATIONAL FUNDING  
NETWORK, PANAGREEN BIO FUELS,  
INC., and ALGAECAKE  
TECHNOLOGIES CORPORATION, and  
JANE DOE STRICKLAND, husband and  
wife;

Respondents.

DOCKET NO. S-20585A-08-0165

DECISION NO. 70390

**ORDER TO CEASE AND DESIST, ORDER  
FOR ADMINISTRATIVE PENALTY, AND  
CONSENT TO SAME BY:**

**PANAMA CAPITAL FUNDING, L.L.C.;  
BENJAMIN RAY O'TOOLE; JARISA H.  
GARCIA; CHRISTOPHER SHANE  
STRICKLAND; and, CLAUDIA J. MASTERS**

Respondents PANAMA CAPITAL FUNDING, L.L.C.; BENJAMIN RAY O'TOOLE;  
JARISA H. GARCIA; CHRISTOPHER SHANE STRICKLAND; and, CLAUDIA J. MASTERS  
elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the  
Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To  
Cease And Desist, Order for Administrative Penalty, and Consent to Same ("Order").  
Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission");

1 neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and  
2 consent to the entry of this Order by the Commission.

3 **I.**

4 **FINDINGS OF FACT**

5 1. PANAMA CAPITAL FUNDING, L.L.C. ("PCF") is a Colorado limited liability  
6 company doing business in Maricopa County, Arizona.

7 2. BENJAMIN RAY O'TOOLE ("O'TOOLE") is an individual residing in Maricopa  
8 County, Arizona. O'TOOLE is a member of PCF and he is doing business as ALGAECAKE  
9 TECHNOLOGIES CORPORATION ("ATC"), an unincorporated business association.  
10 O'TOOLE represents himself as the "Business Development / Design Director" of ATC.

11 3. CHRISTOPHER SHANE STRICKLAND ("STRICKLAND") is an individual  
12 residing in Maricopa County, Arizona. STRICKLAND is a member of PCF and he is doing  
13 business as ATC. STRICKLAND represents himself as the "Corporate Finance" executive of  
14 ATC.

15 4. PCF, O'TOOLE, and STRICKLAND are referred to in this Order collectively as  
16 "Respondents" and all actions taken by O'TOOLE and STRICKLAND were taken for their own  
17 benefit and for the benefit of and in furtherance of their marital communities.

18 5. JARISA H. GARCIA was at all relevant times the spouse of O'TOOLE and  
19 CLAUDIA J. MASTERS was at all relevant times the spouse of STRICKLAND. JARISA H.  
20 GARCIA and CLAUDIA J. MASTERS are joined in this action under A.R.S. § 44-2031(C) solely  
21 for purposes of determining the liability of the marital communities.

22 6. Prior to their service with the Temporary Order to Cease and Desist and Notice of  
23 Opportunity for Hearing ("TC&D") filed on March 20, 2008 by the Securities Division of the Arizona  
24 Corporation Commission, O'TOOLE and STRICKLAND did business as INTERNATIONAL  
25 FUNDING NETWORK ("IFN") and PANAGREEN BIO FUELS, INC. ("PGBF"), both  
26

1 unincorporated business associations. O'TOOLE represented himself as the "Design" executive of  
2 PGBF.

3 7. From at least September 2007 until their service with the TC&D, Respondents  
4 publicly offered unregistered investment contracts that Respondents called shares of stock in PGBF  
5 and ATC, both unincorporated business associations. Respondents offered these via numerous  
6 Internet websites<sup>1</sup> that attracted potential investors with the statements "Short Term – High Return  
7 [of] 600% after 30 months" and "Superior Growth High Return – the projected earnings growth  
8 rate is about \$1.7 million for an investment of \$50,000..." (a 3000% return).

9 8. Respondents created a sense of urgency in potential investors by representing this  
10 offering as "a premium stock position...[at a] discounted share value...[that] is intended to  
11 promote a rapid response...[so] contact us ASAP."

12 9. Respondents did not disclose that PGBF and ATC are unincorporated business  
13 associations.

14 10. Respondents did not disclose how the prospective investment returns were  
15 calculated or the basis for these numbers.

16 11. While representing this investment as a "tremendous value for a small investor,"  
17 Respondents sought large investment amounts of \$100,000, \$300,000, and/or \$500,000.

18 12. Respondents represented that investors' money would be used to build multi-acre,  
19 "bio-reactor farms" adjacent to coal-fired power plants. Carbon dioxide emissions from the plants  
20 would be captured and fed to algae, thus enabling the manufacture from the algae (and later sale) of  
21 large quantities of oil.

22 13. Respondents represented that a 25-acre, bio-reactor farm would "gross 33 million  
23 dollars profit per year through sales of algae oil" and that "algae oil...produced by one 250 acre  
24 algae bio reactor farm is 330 million dollars a year."

25  
26 <sup>1</sup> [www.panamacapitalfunding.com](http://www.panamacapitalfunding.com); [www.internationalfundingnetwork.com](http://www.internationalfundingnetwork.com); [www.algaecake.com](http://www.algaecake.com);  
<http://phoenix.kijiji.com>; <http://phoenix.craigslist.org>; and, [www.business-opportunities.biz](http://www.business-opportunities.biz).

14. Respondents did not disclose how the business profitability was calculated or the basis for these numbers.

15. Respondents did not disclose to a potential, Arizona investor any risks associated with his investment, including that he could lose all or a large portion of it.

16. Respondents sold none of the investment contracts and collected no investor money.

## II.

## CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. Respondents offered securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. Respondents violated A.R.S. § 44-1841 by offering securities that were neither registered nor exempt from registration.

4. Respondents violated A.R.S. § 44-1842 by offering securities while neither registered as dealers or salesmen nor exempt from registration.

5. Respondents violated A.R.S. § 44-1991 by making misleading omissions of material facts including, but not limited to, the following:

a.) Failing to disclose that PGBF and ATC are unincorporated business associations;

b.) Providing prospective investment returns and business profitability without disclosing how they were calculated or the basis for the numbers; and,

c.) Failing to disclose to a potential, Arizona investor any risks associated with his investment, including that he could lose all or a large portion of it.

6. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

### III.

## ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents and any of Respondents' agents, employees, successors, and assigns permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents shall, jointly and severally pay an administrative penalty in the amount of \$5,000. Payment shall be made to the "State of Arizona" and it shall be made in full on the date of this Order. Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid in full.

For purposes of this Order, a bankruptcy filing by any of the Respondents shall be an act of default. If any Respondent does not comply with this Order, any outstanding balance may be deemed in default and shall be immediately due and payable.

IT IS FURTHER ORDERED that, if any Respondent fails to comply with this order, the Commission may bring further legal proceedings against that Respondent, including application to the superior court for an order of contempt.

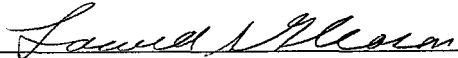
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IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION



CHAIRMAN



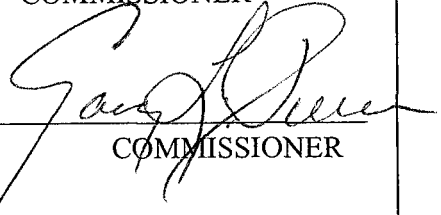
COMMISSIONER



COMMISSIONER

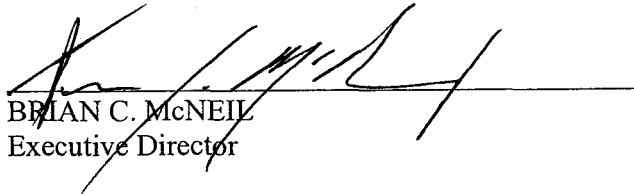


COMMISSIONER



COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
Executive Director of the Arizona Corporation  
Commission, have hereunto set my hand and caused the  
official seal of the Commission to be affixed at the  
Capitol, in the City of Phoenix, this 20<sup>th</sup> day of  
June, 2008.

  
BRIAN C. McNEIL  
Executive Director

DISSENT

DISSENT

This document is available in alternative formats by contacting Linda Hogan, ADA Coordinator,  
voice phone number 602-542-3931, e-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

(ASL)

**CONSENT TO ENTRY OF ORDER**

1  
2           1.       Respondents PANAMA CAPITAL FUNDING, L.L.C.; BENJAMIN RAY  
3 O'TOOLE; JARISA H. GARCIA; CHRISTOPHER SHANE STRICKLAND; and, CLAUDIA J.  
4 MASTERS (collectively, "Respondents") admit the jurisdiction of the Commission over the  
5 subject matter of this proceeding. Respondents acknowledge that they have been fully advised of  
6 their right to a hearing to present evidence and call witnesses and Respondents knowingly and  
7 voluntarily waive any and all rights to a hearing before the Commission and all other rights  
8 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona  
9 Administrative Code. Respondents acknowledge that this Order To Cease And Desist, Order for  
10 Administrative Penalty, and Consent to Same ("Order") constitutes a valid final order of the  
11 Commission.

12           2.       Respondents knowingly and voluntarily waive any right under Article 12 of the  
13 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
14 resulting from the entry of this Order.

15           3.       Respondents acknowledge and agree that this Order is entered into freely and  
16 voluntarily and that no promise was made or coercion used to induce such entry.

17           4.       Respondents understand and acknowledge that they have a right to seek counsel  
18 regarding this Order and that they have had the opportunity to seek counsel prior to signing this  
19 Order. Respondents acknowledge and agree that, despite the foregoing, they freely and voluntarily  
20 waive any and all right to consult or obtain counsel prior to signing this Order.

21           5.       Respondents neither admit nor deny the Findings of Fact and Conclusions of Law  
22 contained in this Order. Respondents agree that they shall not contest the validity of the Findings  
23 of Fact and Conclusions of Law contained in this Order in any present or future administrative  
24 proceeding before the Commission or any other state agency concerning the denial or issuance of  
25 any license or registration required by the state to engage in the practice of any business or  
26 profession.

1           6.     By consenting to the entry of this Order, Respondents agree not to take any action  
2 or to make or permit to be made any public statement denying, directly or indirectly, any Finding  
3 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without  
4 factual basis. Respondents will undertake steps necessary to ensure that all of Respondents' agents  
5 and employees understand and comply with this agreement.

6           7.     While this Order settles this administrative matter between Respondents and the  
7 Commission, Respondents understand that this Order does not preclude the Commission from  
8 instituting other administrative or civil proceedings based on violations that are not addressed by  
9 this Order.

10          8.     Respondents understand that this Order does not preclude the Commission from  
11 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
12 that may be related to the matters addressed by this Order.

13          9.     Respondents understand that this Order does not preclude any other agency or  
14 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
15 proceedings that may be related to matters addressed by this Order.

16          10.    Respondents agree that they will not apply to the state of Arizona for registration as  
17 a securities dealer or salesman or for licensure as an investment adviser or investment adviser  
18 representative until such time as all penalties under this Order are paid in full.

19          11.    Respondents agree that they will not exercise any control over any entity that offers  
20 or sells securities or provides investment advisory services within or from Arizona until such time  
21 as all penalties under this Order are paid in full.

22          12.    Respondents agree that they will not sell any securities in or from Arizona without  
23 being properly registered in Arizona as a dealer or salesman, or exempt from such registration;  
24 Respondents will not sell any securities in or from Arizona unless the securities are registered in  
25 Arizona or exempt from registration; and, Respondents will not transact business in Arizona as an  
26



1 investment adviser or an investment adviser representative unless properly licensed in Arizona or  
2 exempt from licensure.

3 13. Respondents agree that they will continue to cooperate with the Securities Division  
4 by, among other things, providing complete and accurate testimony at any hearing in this matter  
5 and cooperating with the state of Arizona in any related investigation or any other matters arising  
6 from the activities described in this Order.

7 14. Respondents acknowledge that the penalties imposed by this Order are both their  
8 obligations and the obligations of their marital communities.

9 15. Respondents consent to the entry of this Order and agree to be fully bound by its  
10 terms and conditions.

11 16. Respondents acknowledge and understand that if they fail to comply with the  
12 provisions of the order and this consent, the Commission may bring further legal proceedings  
13 against Respondents, including application to the superior court for an order of contempt.

14 17. Respondents understand that default shall render them liable to the Commission for  
15 its costs of collection and interest at the maximum legal rate.

16 18. Respondents agree and understand that if they fail to make any payment as required  
17 in the Order, any outstanding balance shall be in default and shall be immediately due and payable  
18 without notice or demand. Respondents agree and understand that acceptance of any partial or late  
19 payment by the Commission is not a waiver of default by Commission.

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21 ...

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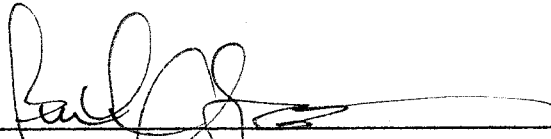
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19. Respondent BENJAMIN RAY O'TOOLE represents that he is a member of PANAMA CAPITAL FUNDING, L.L.C. ("PCF") and has been authorized by PCF to enter into this Order for and on behalf of it.

  
BENJAMIN RAY O'TOOLE

  
JARISA H. GARCIA, spouse of BENJAMIN RAY O'TOOLE

STATE OF ARIZONA       )  
                                      ) ss  
County of Maricopa       )

SUBSCRIBED AND SWORN TO BEFORE me this 28<sup>th</sup> day of May, 2008.

  
NOTARY PUBLIC

My commission expires:

7/15/09



**JESSE FELLER**  
Notary Public - Arizona  
Maricopa County  
Expires 07/15/09

C. Shane Strickland  
CHRISTOPHER SHANE STRICKLAND

Claudia J. Masters  
CLAUDIA J. MASTERS, spouse of  
CHRISTOPHER SHANE STRICKLAND

STATE OF ARIZONA       )  
                                      ) ss  
County of Maricopa       )

SUBSCRIBED AND SWORN TO BEFORE me this 28<sup>th</sup> day of May, 2008.

Jesse Feller  
NOTARY PUBLIC

My commission expires:

7/15/09



**JESSE FELLER**  
Notary Public - Arizona  
Maricopa County  
Expires 07/15/09

PANAMA CAPITAL FUNDING, L.L.C.

By: BENJAMIN RAY O'TOOLE  
Its: Member

STATE OF ARIZONA       )  
                                      ) ss  
County of Maricopa       )

SUBSCRIBED AND SWORN TO BEFORE me this 28<sup>th</sup> day of May, 2008.

Jesse Peller  
NOTARY PUBLIC

My commission expires:

7/15/09



**JESSE PELLER**  
Notary Public - Arizona  
Maricopa County  
Expires 07/15/09